

Sandford Borins

The new public management is here to stay

As you read this exchange, public service practitioners around the world are doing the new public management. This trend has set off a lively debate in the academic community that studies public administration. Some, as exemplified by my colleague Donald Savoie, are sceptical; others are supportive and optimistic. As one of the optimists, I will offer a definition of the new public management that differs from Savoie's, discuss the forces that brought it into being, respond to Savoie's criticisms of it, and suggest how the academic community can engage in reasoned debate about it.

What and why

The new public management is not a simplistic Big Answer. Rather, it is a normative reconceptualization of public administration consisting of several inter-related components: providing high-quality services that citizens value; increasing the autonomy of public managers, particularly from central agency controls; measuring and rewarding organizations and individuals on the basis of whether they meet demanding performance targets; making available the human and technological resources that managers need to perform well; and, appreciative of the virtues of competition, maintaining an open-minded attitude about which public purposes should be performed by the private sector, rather than the public sector. The new public management claims that some important results will flow from this agenda: innovative bureaucracies that provide better service, produced at lower cost by public servants whose morale has improved.

There is a large and growing body of evidence to substantiate these claims, based on literally thousands of innovative public sector organizations that have improved service, empowered their workforce, and achieved impressive efficiencies. This evidence is to be found in their applications to public management innovation

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competitions such as those sponsored by IPAC in Canada and the Ford Foundation and Kennedy School of Government in the U.S., in academic books and articles – including Savoie's – about these organizations; and in discussions being carried on daily, some over the Internet, among innovative practitioners.¹

I base my definition of the new public management on a careful reading of papers presented by representatives of twenty-two very diverse Commonwealth nations at a recent conference.² Other definitions by scholars like Barzelay and Kernaghan and the practitioners in the Commonwealth Secretariat also point to the multifaceted nature of the new public management.³ However, Savoie's critique concentrates on the role of the private sector in the new public management and thus does not deal with most aspects of the paradigm. I will respond first to Savoie's criticism that the essence of the new public management is not public, and then to his criticism that the part which is public is neither new nor management.

The new public management came about in response to a number of environmental forces which governments everywhere have had to face in the last fifteen years. First, large and expensive public sectors were created during earlier periods of strong economic growth. Attempting to maintain them in a new environment of recession and fierce global economic competition has led to massive public debt loads. Getting the debt problem under control has created pressure to cut programs ("do less with less") and / or increase efficiency ("do more with less") and will continue to do so for the foreseeable future. Second, the rapid development of information technology has given the public sector a major opportunity to increase efficiency. Third, the ready availability of information through loose networks such as the Internet is destroying the traditional "economies of scale" rationale for concentration of production in large organizations. Fourth, people – whether one calls them citizens or consumers – are demanding quality and service from both public and private sector producers, and comparing the performance of all organizations. Fifth, employees, particularly knowledge workers, are looking for work in either the public or private sectors that provides opportunities for personal growth and fulfillment, rather than just a pay cheque.

Practitioners are developing the new public management because they have to respond to these inescapable forces – both now and in the future. In this view, the new public management has deep roots in economic and social reality; it is not simply an outgrowth of Margaret Thatcher's idiosyncratic love for markets or Brian Mulroney's mistrust of public servants or certain deputy ministers' desire to act as corporate CEO wannabes. Indeed, some of the strongest proponents of the new public management have been the social democratic governments of New Zealand, Australia, Sweden, and Denmark, all of which were among the first to face these inescapable forces, especially the debt crisis.⁴

Common problems and approaches

The private sector has encountered environmental forces similar to those faced by the public sector, but often earlier. In the 1970s and early 1980s many North American manufacturers were driven to the brink of bank-

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ruptcy first by high-quality Japanese competition and then by a severe recession. Thus, private sector thinkers like Peters, Ouchi, Juran, Deming, and Porter were quick to analyse the impact of these factors and to propose remedies. However, the new public management is not slavishly following private sector ideas nor failing to recognize the differences between the public and private sectors. Rather, it acknowledges that both the public and private sectors are confronting similar forces, and it is receptive to learning about how the private sector has responded and, where appropriate, adapting private sector learning to the public sector.

A second influence of private sector ideas is that the new public management is suspicious of all monopolies. There is abundant evidence that private sector monopolists use their privileged position to earn excessive returns on capital or shelter inefficient production. Similarly, public sector monopolists, precluded from earning profits, are likely to do the latter. Two mutually reinforcing remedies for monopoly are introducing competition and providing performance information to service recipients. The new public management advocates schemes such as Britain's market testing, which opens up the provision of some services to the public or within government to private sector competition. The outcome of market testing in the British government has been that roughly half the time the private sector wins the contract while roughly half the time the public sector retains it, but in either case there are impressive savings, as Savoie himself has admitted.⁵ In addition, we are seeing more schemes that encourage competition within the public sector, such as the publication of performance indicators for schools coupled with permission to parents to enrol their children in the school of the parents' choice.

Rather than choice Savoie prefers voice, implemented by public opinion polls. However, the polls that politicians read tend to be dominated by the current hot issue, rather than ongoing problems in service delivery. In commissioning polls dealing with service delivery, managers can slant the questions or suppress the answers. By comparison, the loss of customers is a much more effective way of focusing managers' minds. Even when competi-

tion is not possible, the new public management urges public servants to use competition as a metaphor; that is, to act *as if* there were competitors who could take their customers away. Thus, inspired by Britain's Citizen's Charter, public sector organizations throughout the world have begun posting their standards and performance results in locations that are visible to service recipients.

Autonomy, accountability, and enthusiasm

Though it was over thirty years ago that Glassco said "let the managers manage," it is only recently that his dictum has been put into practice. One severe constraint on managerial autonomy has been the acceptance, particularly in authority-maximizing central agencies, of the simplistic mantra that "everything is related to everything else." The consequence of this belief is a mandate to coordinate all government actions. This, of course, is a recipe for central agency gridlock, as became evident during Trudeau's first ten years as prime minister.

The new public management starts with the assumption that the world is at least partially decomposable, in the sense that while some things government does are inter-related, there are others that can stand alone. Practi-

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tioners of the new public management have accepted the challenge of determining which functions fall into each category. For those functions that can stand alone, the obvious prescription is greater managerial autonomy. The British government, following Sweden, has concluded that over 60 per cent of its activities can be given over to executive agencies while a much more hesitant Canadian federal government has given over to special operating agencies less than 5 per cent of its activities. Clearly, this is an area where more thought and action is needed. In areas where coordination is needed, it is becoming increasingly evident that informal coordination and partnerships are a better alternative than central coordination. This will permit organizations to maintain managerial autonomy while coordinating such activities as policy development or service delivery.⁶

The new public management *has* thought about the question of accountability and argues that the two enemies of accountability are unclear objectives and anonymity.⁷ By emphasizing clear objectives and written

performance contracts, the new public management should increase rather than diminish the accountability of public servants to ministers and of ministers to Parliament. The convention of public service anonymity is now being challenged, as the following examples show.

In the past, when public servants acted as policy advisers, it was done under a veil of secrecy, similar to the privileged relationship between solicitor and client. The new public management has not ignored the role of public servants in policy development; rather, it presents a new model. Increasingly, policy development is being done in open consultation among the general public, policy communities, and the public service.⁸ Public servants are managing the consultative process, and are being evaluated for their skill in this highly-visible role. When, as a result of the process, all the policy analysis is on the table, then the ultimate policy choice is very clearly the responsibility of the minister. In the service delivery context, a harbinger of things to come is that the British government, as part of its Citizen's Charter, now requires most front-line workers to wear name tags to ensure greater accountability to their clients. To summarize, by promoting specificity of goals and by reducing anonymity, the new public management is strengthening accountability.

Enthusiasm *is* a key component of the new public management, and it is this component that seems to make critics like Savoie most uncomfortable. The new public management does speak in normative tones, and it does use active verbs. The enthusiasm and the active verbs are an attempt to challenge the accountability-concealing passive voice and the overall greyness and grimness of tone that characterizes much of traditional public administration. The locus of enthusiasm for the new public management has varied from government to government. In Britain, as Savoie notes, it came right from the top; in New Zealand, it came from the Treasury, with strong cabinet support; and in North America, at least at the initial stages, it has come from a veritable army of local heroes.⁹ My research in progress on the Ford Foundation and Kennedy School of Government state and local government innovations program is showing that up to seventy per cent of innovations were initiated at the functional manager or front-line level, rather than by deputy ministers or ministers. These local heroes are often entrepreneurs, the type of people more likely to ask for forgiveness than for permission. They would reject Savoie's counsel of waiting for politicians to initiate systemic change. Indeed, efforts at systemic change in North America such as Public Service 2000 or the Gore report are attempts to value, support, and encourage local heroes in a number of ways, for example by reducing central agency constraints and rewarding innovation.

One of the arguments often made against these efforts is that the political context of the public sector has an extremely low tolerance for "errors," thereby justifying strong central controls. This seems to me to conflate two

notions of error.¹⁰ If by error we mean an organization failing to achieve its mission (e.g., miscalculating income tax liability), then clearly the new public management's emphasis on continuous improvement is aimed at eliminating such errors. Of course, this is similar to the use of TQM methods in the private sector to achieve goals like six sigma quality (that is, no more than one error per million).

The second sense in which error is used refers to potentially controversial bureaucratic innovations. In this case, the new public management would argue that innovations should be tried on an experimental basis and that the government should say so explicitly to deflect media or opposition criticism. However, political parties all across the political spectrum are embracing the new public management *because* they realize that they all have an interest in an efficient public sector and that elections are rarely won or lost on questions of management. As a consequence, political systems are dealing with management reforms in an increasingly non-partisan way.¹¹

At the very end of his commentary, in an effort to distinguish the local heroes, whom he has previously gone on record to praise, from the Big Answerers, whom he dislikes, Savoie undertakes some strenuous mental gymnastics. But here is where his argument falls off the beam. In order to disassociate the local heroes from the new public management, Savoie must trivialize the local heroes by claiming they are only making "gradual and incremental improvements in public administration," that are simply recent instances of "government bureaus [that] have always sought to improve their operations ever since they were first established." This completely misses the point about what is new and what is managerial about the new public management.

In the era of rapid revenue growth, government bureaus sought to improve their operations by doing more with more. As Savoie himself showed in *The Politics of Public Spending in Canada*, it wasn't terribly difficult for public servants to press transfers, handouts, and subsidies into the hands of willing interest groups.¹² This was the golden age of public policy, when activist public servants were constantly dreaming up new policies and programs. Savoie himself tells us that the fastest road to the top of the bureaucracy was in policy development, not in implementation or management.¹³ Indeed, the slipshod implementation of that era has created many of the problems public servants must deal with today.

Today's environment is much more challenging. In order to do less with less, departments must state their values clearly, set priorities, find a focus, and sometimes disentitle some of the constituencies the programs of the past created.¹⁴ (Savoie himself wrote about the Thatcher government's scrutinies as a successful example of this.¹⁵) In order to do more with less, departments must undertake process redesign and apply information technology. One inevitable result of doing either more or less with less is that the

public sector workforce will be reduced. Handling issues of human dislocation and relocation requires empathy and subtlety. Confronting today's problems demands the use of analytical techniques developed in management science (e.g., production modelling and statistical analysis) and human resources management techniques derived from applied psychology or organization theory. Perhaps Savoie thinks that understanding and then applying these techniques is a matter of simple common sense. I have studied enough management to *know* that for these techniques to work, common sense must be educated.

Finally, how can Savoie's accusation that the new public management "belittles the noble side of the public service profession" be reconciled with the fact that in recent years proponents of the new public management have initiated innovation and service awards – like IPAC's Innovative Management Award and the Ford Foundation State and Local Government Innovation Award, which has now been extended to the federal level by Vice-President Gore – for the expressed purpose of celebrating the local heroes?¹⁶

The role of academics

Savoie cites Metcalfe and Richards' argument that there is a "disbelief culture" found in government concerning management reforms. Part of the reason for the disbelief culture is that the proponents of these reforms,

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particularly the consultants, have tended to oversell their products. Academics, too, have often played a role in the disbelief culture, namely that of debunking the excessive claims of the proponents. Thus, Savoie says that reform efforts have "failed to live up to expectations." Alas, most things in life don't. However, at the end of the day, a more useful question would be *exactly what reform efforts have accomplished.*

The alphabet soup of reform efforts that Savoie disparages may no longer contain discernable letters, but it is still a hearty broth. Consider three examples. Though governments no longer use the acronym PPBS, public servants are much more conscious of program objectives than they were before PPBS. Few people now use the acronym MBO, but Drucker's pioneering work in that area inspired scholars like Locke and Latham to use social psychology experiments to study goal-setting; the results of their research are being employed by practitioners to improve individual and organizational perfor-

mance.¹⁷ Finally, while the Liberal government has dropped the Tories' acronym PS 2000, that initiative has already achieved a substantial reduction in central agency controls and also has given rise to new initiatives, for example in service delivery and informatics.¹⁸

In the case of the new public management, for once the entire academic community has not bought into the traditional debunking role in the disbelief culture. Some of us sense that the current wave of innovation and ferment in the public service is different in both scope and significance from the reform efforts of the past. But how can an academic community, split between sceptics and optimists, ultimately come to some conclusion about the value of the new public management? We can use Bayesian statistics as a metaphor in our thinking.¹⁹ In the absence of a great deal of evidence, we all have beliefs about whether or not the reforms embodied by the new public management are successful. As more evidence comes in, we may begin to adjust our initial beliefs. The stronger our initial beliefs, the more evidence we will need to change our minds. If, however, there is no agreement about what constitutes evidence, no one will ever change their mind and there will never be any convergence between sceptics and optimists. Our debates will drone on endlessly and, from the point of view of the practitioner, irrelevantly. It would be as if academics were the public sector's auditors but had no generally accepted accounting principles.

My concern is that the public management community is characterized by strong initial beliefs but there is little agreement on what constitutes evidence. The academic community does not seem to have given enough thought to how we could determine if public management reforms are successful. The new public management is an ongoing process of change that in most governments involves both local heroes and central initiatives; evaluating it will be a challenge.

The optimists have not sampled widely enough the vast body of information about innovative public sector organizations; they have undertaken too few case studies and the analysis has often been too cursory. At times, they have been too willing to accept at face value practitioners' efforts at self-promotion. On the other hand, the sceptics seem to base their scepticism on worst-case scenarios unlikely ever to be encountered in the real world. In addition, their empirical research often consists of unstructured and unattributed interviews at one point in time with bureaucratic insiders who gripe about the new public management. This research has a number of methodological deficiencies: it is static, when the underlying process of change is dynamic; the set of people interviewed could be unrepresentative, likely excluding the local heroes and change agents; and the interview context – going off the record with an academic known to be a sceptic – could encourage griping. Research on the implementation of change (with which

many public administration scholars sadly are not very familiar) has often found that people who gripe off the record early on become converts by the end of the day.²⁰

The field of public management now needs more serious thinking about how to measure the impact of reform efforts. I have been thinking a lot about public sector innovation in recent years, and I have some confidence that we can measure the success of a particular innovation in three ways: its effectiveness, particularly if confirmed with an experimental or quasi-experimental design, its longevity, and the extent to which it has been replicated.²¹ Our profession must tackle the more difficult problem of what factors to consider in evaluating a systemic reform effort, such as rs 2000, the Citizen's Charter, or the Gore report, and how to design unbiased research instruments that will measure those factors. And, once we have done that, we should then use a variety of methodologies (case studies, interviews, questionnaires, and experimental designs) that are sufficiently robust that the evidence derived could convert either side.

Ultimately, public management scholars should be contributing to the development of good governance. We will do that more effectively if we tone down our rhetoric, take off the shelf the social scientific research skills that we learned in graduate school, and concentrate on the challenging but essential task of evaluating the new public management.

Notes

- 1 If I were to be exhaustive, this would be a very long endnote; I will therefore mention just a few. Concerning Canada, see Donald Savoie, "Innovating to do Better with Less," *Public Sector Management* 4, no. 1 (Spring 1993), pp. 15-17; Paul Thomas, "Reshaping Government: Now and for the Future," *Public Sector Management* 5, no. 1 (1994), pp. 19-23; Kenneth Kernaghan, "Empowerment and Public Administration, Revolutionary Advance or Passing Fancy?" *CANADIAN PUBLIC ADMINISTRATION* 35, no. 2 (Summer 1992), pp. 194-214; Kenneth Kernaghan, "Partnership and Public Administration: Conceptual and Practical Considerations," *CANADIAN PUBLIC ADMINISTRATION* 36, no. 1 (Spring 1993), pp. 57-76; Sandford Borins, "Public Management Innovation in Canada: Evidence from the IPAC competition," *Optimum* 22, no. 1 (1991), pp. 5-16; and Sandford Borins, *Public Sector Innovation: Its Contribution to Canadian Competitiveness* (Ottawa: Government and Competitiveness Project report 94-09, 1994). Concerning the US, see Michael Barzelay, *Breaking through Bureaucracy* (Berkeley: University of California, 1992); Robert Denhardt, *The Pursuit of Significance* (Belmont, CA: Wadsworth, 1993); David Osborne and Ted Gaebler, *Reinventing Government* (Reading, MA: Addison-Wesley, 1992); and Martin Levin and Mary Sanger, *Making Government Work* (San Francisco: Jossey-Bass, 1994). Two informal bulletin boards about innovation are the National Academy of Public Administration's *The Public Innovator: A Bulletin for Change Agents*, published biweekly, and Vice-President Gore's electronic open meeting on reinventing government (Open Meeting@npr.ai.mit.edu).
- 2 See Sandford Borins, "Government in Transition: a New Paradigm in Public Administration: a Report on the Inaugural Conference of the Commonwealth Association for Public Administration and Management" (Toronto: CAPAM, October 1994).
- 3 See Barzelay, *Breaking through Bureaucracy*, especially pp. 115-33; Kenneth Kernaghan,

- "Reshaping Government: the Post-bureaucratic Paradigm," *CANADIAN PUBLIC ADMINISTRATION* 36, no. 4 (Winter 1993), pp. 636-44; and Commonwealth Secretariat, "The New Public Management," *Public Sector Management* 4, no. 1 (Spring 1993), p. 30.
- 4 An excellent overview of the politics of public sector restructuring in these countries is Herman Schwartz, "Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s," *World Politics* 46 (July 1994), pp. 527-55. More locally, mention must be made of a letter of 30 November 1994 from Ontario Premier Bob Rae to "fellow New Democrats" telling them "I don't need to take lectures from Brian Mulroney or Paul Martin or Ralph Klein or the Fraser Institute about more efficient, less costly government. ... The public sector has to learn to run as efficiently as the private sector. We're looking for efficiencies. And we've found them."
 - 5 In *Thatcher, Reagan, Mulroney: In Search of a New Bureaucracy* (Toronto, 1993), Savoie quotes without disagreement the Thatcher government's claim that "its contracting-out policy saved over £50 million over the first five years of its application, and that the costs of providing the same level of services went down by about 25 percent when the services were transferred to the private sector." (p. 158). More recently, the British government claimed that in the 1992-93 fiscal year, market testing led to gross savings of £136 million, net of approximately £20 million in consulting and testing, for a net saving of £116 million. See Prime Minister and Chancellor of the Duchy of Westminster, *The Citizen's Charter Second Report: 1994* (London: HMSO Cmnd 2540), p. 101.
 - 6 The path-breaking theoretical work arguing the value of "parametric mutual adjustment" is Charles Lindblom, *The Intelligence of Democracy* (New York: Free Press, 1965). An application of this model to transportation planning in the San Francisco Bay area is Donald Chisholm, *Coordination without Hierarchy* (Berkeley: California, 1989). An overview of coordination through partnerships is Kenneth Kernaghan, "Partnership and Public Administration."
 - 7 See, for example, Kenneth Kernaghan, "Empowerment and Public Administration."
 - 8 See Evert Lindquist, "Public Managers and Policy Communities" *CANADIAN PUBLIC ADMINISTRATION* 35, no. 2 (Summer 1992), pp. 127-59.
 - 9 Concerning the UK, see Donald Savoie, *Thatcher, Reagan, Mulroney: In Search of a New Bureaucracy* (Toronto: University of Toronto, 1994), especially pp. 247-57. Concerning New Zealand, see Jonathan Boston, et al., eds., *Reshaping the State: New Zealand's Bureaucratic Revolution* (Auckland: Oxford, 1991), especially chapters 1, 2, 7, and 8; and Rob Laking, "Developing a Culture of Success: Reflections from New Zealand Experience," paper delivered at the inaugural conference of CAPAM, Charlottetown, August 1994.
 - 10 See also Kernaghan, "Empowerment and Public Administration," pp. 211-13.
 - 11 For example, Oregon's Benchmark process, which lays out and measures the state's progress at achieving 272 long-term performance goals, is governed by a non-partisan board and has had the support of governors from both parties. See National Academy of Public Administration, *The Public Innovator*, No. 18, 15 December 1994, pp. 1-4. Oregon's Benchmarks was one of the 10 winners of the 1994 Ford Foundation-Kennedy School of Government state and local government innovation awards.
 - 12 Donald Savoie, *The Politics of Public Spending in Canada* (Toronto: University of Toronto, 1990), especially pp. 181-315.
 - 13 Savoie, *The Politics of Public Spending*, p. 224.
 - 14 Kenneth Kernaghan, "The Emerging Public Service Culture: Values, Ethics, and Reform," *CANADIAN PUBLIC ADMINISTRATION* 37, no. 4 (Winter 1994), pp. 614-30, using a content analysis of value statements of public organizations, shows strong commitment to the new public management's key values: service, innovation, teamwork, and quality.
 - 15 See Savoie, *Thatcher, Reagan, Mulroney*, pp. 328-29 which describes how these scrutinies were carried out and quotes without disagreement the government's claim that by mid-1990, 350 scrutinies had achieved total savings of £1 billion.

- 16 In contrast, recognition of senior public servants has been going on much longer, for example, through the Order of Canada here and knighthoods in the Britain.
- 17 See Edwin Locke and Gary Latham, *Goal Setting for Individuals, Groups, and Organizations* (Chicago: Science Research Associates, 1984).
- 18 See Ian Clark, "On Reengineering the Public Service of Canada," *Public Sector Management* 4, no. 4 (Winter 1993), pp. 20–22; Treasury Board of Canada Secretariat, "An Overview of Quality and Affordable Services for Canadians," (Ottawa: Supply and Services Canada, 1994); and Treasury Board of Canada Secretariat, "Blueprint for Renewing Government Services Using Information Technology," (Ottawa: Supply and Services Canada, 1994).
- 19 See Sandford Borins, "Simulation, the Case Method, and Case Studies," *CANADIAN PUBLIC ADMINISTRATION* 33, no. 2 (Summer 1990), pp. 225–28. Technically, initial beliefs are called prior probability distributions, and beliefs affected by evidence are called posterior probability distributions.
- 20 I discovered this long ago in the case of English Canadian pilots and controllers who initially opposed the introduction of French in air traffic control in Quebec. Had I written *The Language of the Skies* (Montreal: McGill-Queen's University Press, 1983) in 1977, it would have been a very misleading book.
- 21 See also James Iain Gow, *Learning from Others: Administrative Innovations Among Canadian Governments* (Toronto: IPAC, 1994).